

# CONTROLLER JOHN CHIANG

## STATE OF CALIFORNIA

300 Capitol Mall  
Sacramento, CA 95814  
916.445.2636  
[www.controller.ca.gov](http://www.controller.ca.gov)

PR07:036

FOR IMMEDIATE RELEASE:  
AUGUST 10, 2007

CONTACT: HALLYE JORDAN  
916-445-2636

## Controller Releases July Cash Flow Figures

**SACRAMENTO** – State Controller John Chiang today released his monthly report detailing California's cash balance, receipts and disbursements for July, the start of the 2007-08 fiscal year. The *Statement of General Fund Cash Receipts and Disbursements* showed total tax receipts were \$787 million below (-16%) the Governor's revised budget estimate issued in May, but were \$132 million (3.3%) higher than tax revenues received in July 2006.

"Much of the July tax revenue shortfall appears to be due to disappointing sales tax revenues," Chiang said. "However, next month's cash flow figures should provide a clearer picture since quarterly sales taxes due July 31 often aren't recorded in the General Fund until August."

In July, sales tax revenues fell \$465 million below (-34.2%) the Governor's May Revise, and were \$34 million below (-3.5%) sales tax revenues for July 2006. Personal income taxes were \$165 million below (-5.5%) the May Revise estimate, but were \$230 million above (8.8%) those received in July 2006. Corporate taxes were \$4 million below (-1.2%) the May Revise estimate for the month, and \$9 million below (-3.1%) July 2006.

Without a state budget in place at the start of the fiscal year on July 1, the Controller last month was unable to pay an estimated \$1.1 billion to community colleges, special education programs, nursing homes, cancer detection programs and small businesses that provide services to the State. Because the Controller is prohibited from making payments unless required by federal law, the state or federal constitution or are subject to a continuous appropriation by the State, many agencies are holding on to claims for payment until after a budget is signed. The total amount of claims withheld during the budget impasse will not be calculated by the Controller until after a state spending plan is approved by the Legislature and signed by the Governor.

Even without paying many of those claims, the State in July spent \$6.1 billion more than it received in revenue – but deficits at this point are not unusual as a disproportionate share of the State's revenues come in during the last four months of a fiscal year, while a large percentage of disbursements occur in the first eight months.

The State started the fiscal year with a \$2.5 billion cash balance, leaving a cash deficit of \$3.7 billion as of July 31. However, that cash deficit has been covered by internal borrowing from State special funds, and there still are an estimated \$12.5 billion in special funds that may be transferred to the General Fund as short-term internal loans, if needed.

The [financial statement](#) and the [summary analysis](#) can be found on the Controller's Web site at [www.sco.ca.gov](http://www.sco.ca.gov).

###